Raise More Money

Lesson Three: Understand Your Systems

In this whole area of establishing foundations and raising more money for your church, it's vital to understand the systems and processes that you have in your church.

1. Plan

Firstly, you need a plan that involves an annual church budget. You must plan your income and your expenditure. I've been in a church where they just thought that's there's no point for a budget. They thought we'll just do what we did last year. That mindset is like hitting a repeat button. Just repeat, repeat, repeat. There's no innovation. There's very little faith and very little focus of leadership.

An annual church budget does a number of things for you.

It allows you to clarify where you're allocating your resources.

It allows you to plan programs and ministries.

It also helps you set faith goals, what you're believing God to bring in income.

It also spreads the burden of raising and allocating finances amongst your team as you work the budget with them.

Then you can also allocate resources to your priorities. You prioritize your expenditure according to what's important to you and you resist that temptation just to repeat last year's program.

Download my detailed blog post on How to Establish a Vision Centred Church Budget.

2. Policies and procedures

Whenever I speak of understanding systems, it's vital to put into place policies and procedures.

A policy is a decision you've already made.

Sound financial policies around income and expenditure and the processing of money that comes through the church is absolutely important to prevent inefficiency and uncertainty in your decision making.

You need procedures and policies for reporting on finances, receiving offerings, counting cash, handling cash, and bank transactions.

It will protect the church as well as make it more effective and efficient.

SAMPLE POLICIES

With respect to the actual, ongoing financial condition and activities, the Pastor shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from board priorities

Accordingly, the Senior Minister will not:

1. Expend more funds than have been received in the fiscal year to date.
2. Use any long-term maintenance or savings reserves.
3. Fail to settle payroll and debts in a timely manner.
4. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
5. Make a single purchase or commitment of greater than $10,000.
6. Transfer funds in excess $20,000 to external bodies
7. Lend to, or borrow from, other organisations.
8. Acquire, encumber, or dispose of real estate.
9. Fail to pursue receivables after a reasonable grace period.
10. Purchase non-budgeted assets in excess of the contingency provided in the budget.
11. Allows cash to drop below a safety reserve of less than an amount equal to one month's payroll plus monies given for designated purposes.
12. Fail to produce End of Month financial reports within 9 working days.

3. Trained personnel and professional advice

The last element in understanding systems and establishing the foundations for raising more resources is to ensure you have trained personnel and access to professional advice.

Some denominations manage the financial arrangements and procedures for the local church and they don't need to engage personnel or professional financial services. If that the case for you then that's excellent.

However, if you don't have that arrangement with your denomination, then it's vital in today's climate of compliance that you use trained, skilled people to manage the finances and also access professional financial services.

This especially true when it comes to your annual audit.

Whenever you have incompetent management of your finances, you can end up in unethical practices and even illegal practice, and you must avoid that for the sake of your church.

Download and Complete the Check List

Review and update your budget process

Review and update your financial procedures and policies

Review and update your audit process